



3 of the Best Insurance Stocks Money Can Buy

Description

Insurance companies are great investments for two reasons. First, the products they offer are necessities. Second, their business models can be highly profitable, because they receive payments from their customers, invest it to generate returns, and then pay out claims that are about equal to what they receive from their customers, leaving them with the profits from their investments.

With all of this being said, let's take a look at three of the best insurance stocks that you could buy today.

1. Sun Life Financial Inc.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) is one of the world's leading providers of protection products, including life, health, dental, and disability insurance, and it also provides wealth management products and services, including investment and retirement savings products. It reported approximately \$891.3 billion in assets under management as of December 31, 2015, making it the third-largest insurance company in Canada.

At today's levels, its stock trades at just 10.7 times fiscal 2016's estimated earnings per share of \$3.80 and only 9.8 times fiscal 2017's estimated earnings per share of \$4.15, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.2 and the industry average multiple of 15.9.

In addition, Sun Life pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, which gives its stock a yield of about 3.8%. It is also important to note that it raised its dividend twice in 2015, its first increases since 2008, and its most recent increase in November has it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

2. Industrial Alliance Insurance and Financial Services Inc.

Industrial Alliance Insur. & Fin. Ser. ([TSX:IAG](#)) is one of the leading providers of financial products and services in Canada, including life, health, auto, and home insurance. It reported approximately \$115.8 billion in assets under management and administration as of December 31, 2015.

At today's levels, its stock trades at just 8.8 times fiscal 2016's estimated earnings per share of \$4.30 and only 8.3 times fiscal 2017's estimated earnings per share of \$4.55, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.5 and the industry average multiple of 15.9.

In addition, Industrial Alliance pays a quarterly dividend of \$0.30 per share, or \$1.20 per share annually, which gives its stock a yield of about 3.2%. It is also important to note that it has raised its annual dividend payment for two consecutive years, and its 7.1% hike in June 2015 has it on pace for 2016 to mark the third consecutive year with an increase.

3. Intact Financial Corporation

Intact Financial Corporation ([TSX:IFC](#)) is the leading provider of property and casualty insurance in Canada with about \$8 billion in annual direct premiums written and an estimated 17% market share. It does not provide its assets under management statistic, but it did report approximately \$21.2 billion in total assets as of December 31, 2015.

At today's levels, its stock trades at just 13.4 times fiscal 2016's estimated earnings per share of \$6.60 and only 12.5 times fiscal 2017's estimated earnings per share of \$7.09, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 15.9 and the industry average multiple of 15.9.

In addition, Intact Financial pays a quarterly dividend of \$0.58 per share, or \$2.32 per share annually, which gives its stock a yield of about 2.6%. It is also important to note that it has raised its annual dividend payment for 10 consecutive years, and its 9.4% hike in February has it on pace for 2016 to mark the 11th consecutive year with an increase.

Should you add an insurance stock to your portfolio?

Sun Life Financial, Industrial Alliance, and Intact Financial are three of the best investment options in the insurance industry today. Foolish investors should strongly consider making one of them a core holding.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)

2. TSX:IFC (Intact Financial Corporation)
3. TSX:SLF (Sun Life Financial Inc.)

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Date

2025/08/25

Date Created

2016/03/11

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